

Message Text

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ACTION AID-05

INFO OCT-01 EA-06 ISO-00 PM-03 NSC-05 SP-02 SS-15 IGA-01

OMB-01 TRSE-00 CIAE-00 INR-07 NSAE-00 EB-07 AGR-05

ORM-01 SR-02 /061 W

----- 111917

P R 201150Z FEB 75

FM AMEMBASSY PHNOM PENH

TO SECSTATE WASHDC PRIORITY 9437

INFO AMEMBASSY BANGKOK

AMEMBASSY SAIGON

AMEMBASSY TOKYO

CINCPAC HONOLULU HI

COMUSMACTHAI BANGKOK

JCS WASHDC

DIA WASHDC

SECDEF WASHDC

COMUSSAGN KP THAI/LG

C O N F I D E N T I A L SECTION 1 OF 2 PHNOM PENH 3165

FOR STATE/AID

E.O.11652: ADS (DECLAS 2/19/76)

TAGS: EGEN EAID CB

SUBJECT: RICE SITUATION

1. FOR THE PERIOD FEBRUARY 3, 1975, THROUGH FEBRUARY 15, 1975,
THE RICE SUPPLY DISTRIBUTION IN PHNOM PENH WAS AS FOLLOWS (ALL
FIGURES IN METRIC TONS):

BEGINNING STOCK 2/3/75 22,114

ARRIVALS: (A) MEKONG -

(B) RTE 5/TONLE SAP

(LOCAL RICE) -

(C) HARVESTED IN PHNOM)

PENH AREA) 152

TOTAL AVAILABILITY: 22,266

LESS DISTRUBUTION 5,540

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NET CLOSING STOCK 2/16/75 16,726

2. STOCK POSITION: AT COB FEBRUARY 16, 1975, GOVERNMENT RICE STOCKS IN PHNOM PENH TOTALLED 16,726 METRIC TONS OF WHICH 5,823 METRIC TONS WERE U.S. RICE, 10,077 METRIC TONS LOCAL RICE AND 826 METRIC TONS BROKENS.

AT THE CURRENT DISTRUBUTION RATE OF 545 METRIC TONS, THE RICE STOCKS AMOUNT TO A 30 DAYS SUPPLY.

3. DISTRIBUTION: DISTRIBUTION QUOTAS, AS PREVIOUSLY REPORTED, HAVE BEEN REDUCED THREE TIMES SINCE EARLY DECEMBER 1974; FROM 770 TO 750 ON DECEMBER 10, TO 600 JANUARY 1, 1975, AND TO 545 JANUARY 20.

DAILY QUOTA REDUCTION PER SECTOR:

	PREVIOUS	CURRENT
FANK	265	200
CIVILIAN AND REFUGEES	378	345
PROVINCES AND MISC.	127	0
TOTAL	770	545

THE CONSEQUITIVE REDUCTION WERE STRICTLY ON A TEMPORARY BASIS AND DUE TO ANTICIPATED CHANGES IN THE SUPPLY PATTERN, NAMELY:

A. NEW HARVENT (JAN/FEB) IN THE PHNOM PENH AREA WAS TO PROVIDE A SIGNIFICANT, BUT DIFFICULT TO SIZE UP, SUPPLEMENT TO THE DISTRIBUTION SYSTEM.

B. AIRLIFTS TO ENCLAVES OF TAKEO AND SVAY RIENG WERE TO GET THEIR SUPPLY OF RICE FROM KOMPONG SOM INSTEAD OF PHNOM PENH AS IN THE PAST, AND AIRLIFT TO KOMPONG THOM WAS TO BE SUSPENDED BECAUSE OF AVAILABILITY OF LOCALLY HARBESTED RICE.

C. IN ADDITION TO THESE FACTORS GKR DECIDED, IN VIEW OF THE SERIOUS MILITARY AND SUPPLY SITUATION, TO REDUCE TEMPORARILY THE INDIVIDUAL DAILY QUOTA TO A MINIMUM.

PRESENT DAILY QUOTAS: MILITARY IN FRONT LINE SERVICE - 700 GRAMS, OTHER MILITARY - 500 GRAMS, CIVIL SERVANTS AND THE CIVILIAN POPULATION - 200 GRAMS PER PERSON.

CURRENT MONTHLY QUOTAS BY SECTORS AND OFFICIAL PRICES:

U.S. RICE FANK - 200 METRIC TONS AT 155 RIELS/KILO

CIVIL SERVANTS - 35 MT AT 155 RIELS/KILO

LOCAL RICE: CIVIL SERVANTS - 35 MT AT 280 R/KG (FIRST QUALITY)

"ILOTS/ AND REFUGEES - 275 MT - 270 R/KG

(SECOND QUALITY)

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260 R/KG

(THIRD QUALITY)

NOTE: CIVIL SERVANTS ARE GETTING THEIR ALLOCATION 50 PERCENT IN U.S. RICE AND 50 PERCENT IN LOCAL. "ILOTS" AND REFUGEES ONLY LOCAL.

U.S. RICE PRICE ON THE FREE MARKET: MED - DECEMBER TO JANUARY 18 STEADY 200 RIELS PER KILO, JANUARY 19-20 220 RIELS PER KILO, JANUARY 21-23 230 RIELS PER KILO, JANUARY 24-27 270 RIELS PER

KILO, JANUARY 29-FEBRUARY 1 240 RIELS PER KILO, FEBRUARY 2-6
220 RIELS PER KILO, (DROP IN PRICE EXPLAINED BY ARRIVAL OF
CONVOY WITH 7,755 METRIC TONS). STARTING FEBRUARY 7 GRADUAL
UP-TRENT REACHING 350 RIELS PER KILO ON FEBRUARY 13-15.

4. AVERAGE DAILY DISTRIBUTION FOR THE REPORTING PERIOD WAS
396 METRIC TONS, WHICH IS LOW IN COMPARISON WITH THE OFFICIAL
DAILY QUOTA OF 545 METRIC TONS. THE REASONS FOR THAT SOMEWHAT
LOW DISTRIBUTION OVER THE LAST TWO REPORTING PERIODS ARE:
(1) SOME UNDETERMINED QUANTITIES OF PRIVATELY OWNED U.S. RICE
HAVE, FOR SOME TIME, BEEN STASHED AWAY IN VILLAGES AROUND PHNOM
PENH OUTSIDE OF GKR CONTROL. (HIGHLY POLISHED AMERICAN RICE
CAN BE STORED ALMOST INDEFINATELY CONTRARY TO POORLY PROCESSED
LOCAL QUALITY). WITH THE DETERIORATION OF THE SECURITY
SITUATION THESE STOCKS WERE BROUGHT INTO PHNOM PENH AND DUE TO
SCARCITY OF PRIVATE STORAGE SPACE, WERE BEING UNLOADED ON THE
FREE MARKET.
(2) AS IN EVERY YEAR IN JANUARY PART OF THE NEW HARVEST IN
THE PHNOM PENH AREA SHOWED UP IN CITY MARKETS AT FAVORABLE
PRICES FOR FAST SALE.
(3) INCREASE OF THE FREE MARKET PRICE OF THE U.S. RICE DUE TO THE
BREAKDOWN OF THE MEKONG SUPPLY LINE AND RECENTLY PUBLICIZED
GKR'S INTENTION TO INCREASE THE OFFICIAL SELLING PRICE.

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C O N F I D E N T I A L SECTION 2 OF 2 PHNOM PENH 3165

5. THE SITUATION AS DESCRIBED ABOVE, I.E., SIZEABLE AVAILABILITY OF U.S. RICE ON THE FREE MARKET, PLUS A SMALL SUPPLY OF NEW HARVEST RICE AT BARGAIN PATES, GRADUAL INCREASE OF THE FREE MARKET PRICES, COGNIZANCE THAT SHORTAGES MAY DEVELOP SOON AND THAT EVEN THE OFFICIAL DISTRIBUTION WILL SOON BE MADE AT HIGHER PRICES, HAS BROUGHT THE CIVIL SERVANTS TO COLLECT THEIR U.S. RICE MONTHLY QUOTA (USUALLY DISTRIBUTED BI-WEEKLY THROUGH 411 ASSOCIATIONS) AS SOON AS AVAILABLE AND PURCHASE THE REMAINING PART OF THEIR NEEDS ON THE FREE MARKET. THE CIVILIAN POPULATION WHO RECEIVE ONLY LOCAL RICE THROUGH THE QUOTA LOTS UNQUOTE DISTRIBUTION ALSO PREFERRED TO FORFEIT PART OF THEIR OFFICIAL QUOTA AT 280 RIELS PER KILO, AND COVER THEIR NEEDS AT A MORE ADVANTAGEOUS RATE ON THE FREE MARKET. (IT HAS BEEN ONLY SINCE FEBRUARY 9, 1975, THAT THE PRICE OF U.S. RICE ON THE FREE MARKET EXCEEDED THE 280 RIELS PER KILO LEVEL, WHICH HOWEVER, DID NOT STOP SPECULATIVE PURCHASES AND SOME PURCHASES FOR QUOTE RAINY DAYS UNQUOTE OF A RICE THAT KEEPS BETTER THAN CONFIDENTIAL

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THE LOCAL QUALITY.)

6. THE LOWER DISTRIBUTION OVER THE PAST TWO REPORTING PERIODS HAS A DEFINITE ADVANTAGE NOT ONLY OF SMOKING OUT HOARDED RICE STOCKS, BUT WHAT IS MORE IMPORTANT AT THIS PARTICULAR MOMENT, IT IS EXTENDING THE DURATION OF PRESENT LOCAL RICE STOCKS IN PHNOM PENH. THE DISTRIBUTION FIGURES IN THE LAST FEW DAYS (FEBRUARY 17-426 METRIC TONS, FEBRUARY 18-868 METRIC TONS) SHOW AN UP-TREND WHICH WILL PROBABLY LEAD VERY SHORTLY TO A FULL UTILIZATION OF EXISTING MONTHLY QUOTAS IN PHNOM PENH. ALSO AS IN PREVIOUS YEARS, DEMAND WILL INCREASE IN MONTHS TO COME EVEN MORE SO THIS YEAR IN VIEW OF REDUCED DOMESTIC PRODUCTION. RICE SURPLUS TO THE NEEDS OF BATTAMBANG ARE EXPECTED TO BE MARGINAL. OTHER PRODUCING PROVINCES SUCH AS SIEM REAP, PURSAT, AND KOMPONG CHHANG WILL ALSO EXPERIENCE A SHORT-FALL IN RICE PRODUCTION. RESUMPTION OF AIRLIFTS TO KOMPONG CHAM, THE FALL OF MAUNG, THE ISOLATION OF PURSAT AND KOMPONG CHHNANG, WHICH WILL ALSO SOON REQUIRE RICE SUPPLIES FROM PHNOM PENH, WILL PUT AN ADDITIONAL BURDEN ON STOCKS IN THE CAPITAL. AS SHORTAGES GROW AROUND THE COUNTRY SO WILL THE DEMAND FOR U.S. RICE.

7. IT IS CERTAIN THAT THE PRESENT PL-480 RICE ALLOCATION WILL BE BARELY SUFFICIENT TO MEET CAMBODIA'S REQUIREMENTS THROUGH

THE BEGINNING OF AUGUST 1975 AS ILLUSTRATED BY THE FOLLOWING
TABLE:

PRESENT RICE ALLOCATION OF 210,000 METRIC TONS (1)

	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG
BEGIN STOCK	38.9	35.9	27.9	22.9	22.9	22.9	22.9	8.9
ARRIVALS (2)	17.0	12.0	18.0	25.0	25.0	25.0	11.0	-
TOTAL AVAILABLE	55.9	47.9	45.9	47.9	47.9	47.0	33.9	8.9
LESS CONSUMPTION	20.0	20.0	23.0	25.0	25.0	25.0	25.0	-
END STOCK	35.9	27.9	22.9	22.9	22.9	22.9	8.9	-

STOCK RUNS OUT AUGUST 10, 1975

NOTES:

(1) A TOTAL OF 210,000 METRIC TONS HAVE BEEN ISSUED IN
RICE PURCHASE AUTHORIZATIONS PER FOLLOWING PA'S:

PA- 736 26,249.9

PA - 737 52,499.9

PA - 738 52,479.9

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PA - 739 29,400.0

PA - 740 50,000.0

TOTAL 210,647.7 METRIC TONS

OF THIS AMOUNT 45,000 METRIC TONS WERE OWED AND PAID BACK
TO THE GVN, AND A TOAL OF 32,000 METRIC TONS WERE SHIPPED
PRIOR TO JANUARY 1, 1975, AND WAS CONSUMED OR WAS PART OF
JANUARY BEGINNING STOCK. THIS LEFT 133,000 METRIC TONS
STILL IN THE PIPELINE AT THE BEGINNING OF CY 75.

(2) ARRIVALS FOR JANUARY ARE ACTUAL. FOR FEBRUARY 6,755
METRIC TONS ACTUALLY ARRIVED JANUARY 31. THE BALANCE IS
PROJECTED ON BASIS OF ONE MORE CONVOY WITH THREE BARGES
OF 1700 METRIC TONS EACH, WHICH, AT THIS MOMENT APPEARS
VERY DOUBTFUL. ARRIVALS FOR MARCH ARE PROJECTED AT A
MAXIMUM OF 18,000 METRIC TONS. STARTING APRIL, HOWEVER,
MONTHLY SHIPMENTS WILL HAVE TO BE SUBSTANTIALLY INCREASED.

8. FOR COMPARISON PURPOSES LAT YEAR CONSUMPTION WAS AS
FOLLOWS (IN 000 METRIC TONS):

1974 - 8)UDNHJBB .-4 -.04 .-6 '7,3 '7)6 -7&

(CQLFJP 0 18.0 19.6 22.0 20.6 24.3 22.7

9. A SUPPLEMENTAL AUTHORITY OF \$100 MILLION IN PL-480 FUNDS
IS NEEDED TO PROVIDE A TOTAL OF 365,000 METRIC TONS. THIS
WOULD ENABLE CAMBODIA TO FEED ITSELF THROUGH THE LAST FIVE
MONTHS OF CY 75 AND LEAVE A BUFFER STOCK OF 39,000 METRIC
TONS ON DECEMBER 31, 1975.

10. GKR AIRLIFT: DURING THE REPORTING PERIOD ONLY 13.9
METRIC TONS WERE AIRLIFTED FROMKOMPONG SOM TO SVAY RIENG
AND 47.1 METRIC TONS TO TAKEO. NONE TO KOMPONG THOM, WHERE
ADEQUATE SUPPLIES OF LOCAL RICE ARE AVAILABLE, NOT KOMPONG CHAM

FOR WHICH, HOWEVER, AN AIRLIFT OF 400 METRIC TONS (AT 40 METRIC TONS PER DAY) HAS STARTED FEBRUARY 15. DELIVERY FIFTY PERCENT U.S. RICE AND 50 PERCENT LOCAL RICE WILL BE MADE OUT OF PHNOM PENH DUE TO EXCESSIVE DISTANCE AND TOO COSTLY OPERATION FROM KOMPONG SOM.

PRESENT RICE STOCKS AT KOMPONG SOM INCLUDING AFLOAT AND AWAITING DISCHARGE: 12,000 METRIC TONS. ARRIVAL OF ADDITIONAL 1,790 METRIC TONS IS EXPECTED SHORTLY.

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Message Attributes

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